Institutions (FIs) such as Industrial Finance Corporation of India Limited (IFCI) do not generally interefere in day-to-day management of assisted companies. FIs have evolved appropriate mechanism to maintain effective linkage with their borrowers. An important linkage with the borrowers is the appointment of nominee directors on the board of assisted companies. FIs have evolved guidelines in respect of nominee directors. The nominee directors are expected to act in the best interest of the company and also safeguard the interest of the FI concerned. Industrial Development Bank of India (IDBI) has reported that experience of the FIs with regard to nominee directors has generally been satisfactory.

India's Debt service payments to the World Bank

2272. SHRI GOVINDRAO ADIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government have seen the recently released annual report of the World Bank wherein it is indicated that India's debt service payments to the World Bank have exceeded gross loan receipts during 1994-95 thus making India a negative borrower from the World Bank for the first time;

(b) whether it is also true that India's gross borrowings during 1990-95 ($11,576 millions) exceeded Mexico's ($9,776 millions) and even China's ($9,325 millions); and

(c) if so, the reaction of the Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DEBI PROSAD PAL): (a) and (b) Yes, Sir.

(c) Government is conscious about the country's external debt liability and keeps a constant watch on the level of country's indebtedness and likely burden to debt servicing. While contracting foreign loans, it is always kept in view that the debt burden and the debt servicing liability of the country does not exceed the capacity of the economy to service such loans.

Introduction of Forex Clearing System

2273. SHRI VIREN J. SHAH:
SHRI PRAMOD MAHAJAN:
SHRI SATISH AGGARWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under the consideration of the Reserve Bank of India for introducing the forex clearing system to enable the Indian Banks to deal directly with Central Banks abroad and also for setting up a large V-sat network to cover not only specific centres but also the currency chest centres;

(b) if so, the details thereof; and by when the system is likely to be introduced; and

(c) what steps Government have so far taken for the computerization of banking and financial sector and to utilise the electronic clearing services?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) The Reserve Bank of India will shortly be introducing an Inter Bank FOREX Clearing System for the settlement of inter-bank FOREX transactions in India. The settlement will be effected by Reserve Bank of India through its NOSTRO Account, specifically opened for the purpose, with Federal Reserve Bank, New York (the Central Bank of New York, New York). The clearing system does not require Indian Banks to deal directly with the Central Bank abroad. A separate Wide Area Network (WAN) for the Clearing System has been set up, which is exclusive of the proposed VSAT Network.

(b) The proposed system is a multilateral, end of day, designated time,